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Utah Economic and Business Review

Volume 48
Number 9
September 1988

BEBR

graduate school
of business
bureau of economic and
business research
university of utah

THE IMPACT OF TAX LIMITATION ON THE UTAH ECONOMY

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Important issues facing Utahns in this election year are the three tax-reduction initiatives on the November ballot.

The purpose of this article is to discuss some of the economic questions raised concerning these tax reduction initiatives. Specifically, five issues are considered: What is the fiscal impact of the initiatives? Where will the cuts be taken? Will the tax cuts help or hurt Utah's economy? Were Utah's current economic problems created by high taxes? It worked in California and Massachusetts, can it work here?

1. What Is the Impact

Most analysts now agree that Initiative A will reduce property tax collections by between $140 and $185 million, although there is some continuing disagreement. This is a state-wide reduction of total property tax revenue of between 19 and 25 percent.[1] The impact of Initiative B which provides for reductions in income, sales, cigarette, and fuel taxes is estimated to cut revenues by $141 million. Initiative C, a tax credit for students in private schools, reduces state funds by $4 million. Combined, the state-wide impact is about $330 million.

The total general tax revenue for Utah for 1986 was $2.1 billion. This figure is derived by subtracting federal grants, insurance trust fund and debt payments, and dedicated credits (such as fees), from the U.S. Department Commerce total revenue figure of $5.1 billion. These excluded sectors are not affected by the initiatives. Therefore, simple division of the $330 million proposed initiatives reductions by the $2.1 billion state and local tax revenue shows the impact to be 15.7 percent.

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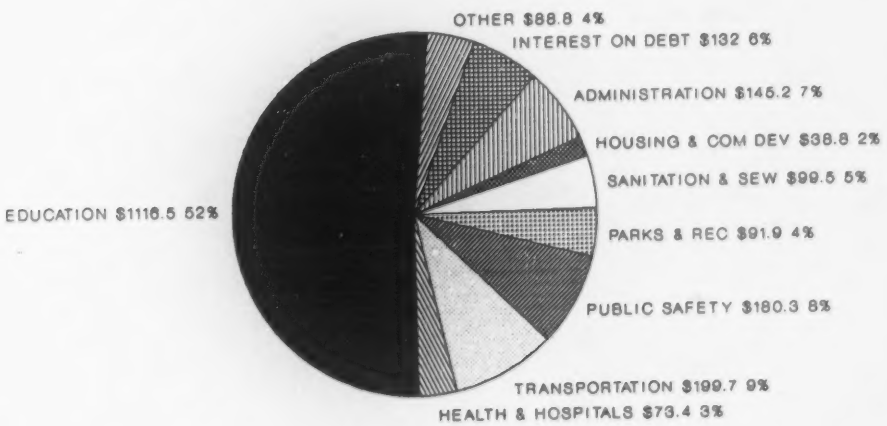
2. Who Takes the Cuts

Since the Utah Constitution requires balanced budgets, reductions in revenues mean that the expenditures must likewise be cut. It should come as no surprise that the biggest loser in the tax rollbacks will be education. Public education accounts for about 54 percent of property tax revenues and public and higher education take about 66 percent of the state's General Fund/ Uniform School Fund budget. Of the $330 million tax reduction, $153 million will come from public and higher education if the cuts are taken across the board; or in other words, 46.5 percent of the total cut will be borne by education.

Though there could be some shifting in the cuts, public and higher education are simply too large a share of state and local taxes to be immune to the reductions. As Figure 1 shows, education absorbed 52 percent of local government expenditures in fiscal year 1985-86. No other category accounted for even 10 percent. For example, public safety, health and transportation combined only absorb 20 percent. Administration, often cited as the place to cut, takes only 7 percent of local government budgets. At the state level, 82.6 percent of the General Fund/Uniform School Fund budget goes to public education, higher education, social services, health, and corrections, Figure 2. The rest of the state government operations would have to be virtually eliminated in order to protect these key agencies.

Figure 1

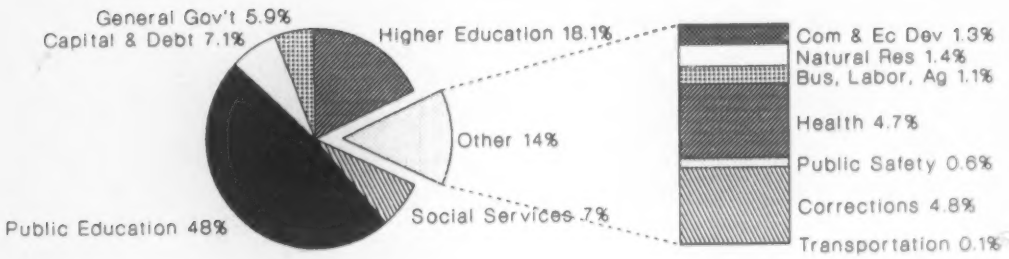
General Expenditures of Local Governments in Utah by Function: 1985-86 (in millions)


OTHER $88.8 4%
INTEREST ON DEBT $132 6%
ADMINISTRATION $145.2 7%
HOUSING & COM DEV $38.8 2%
SANITATION & SEW $99.5 5%
PARKS & REC $91.9 4%
PUBLIC SAFETY $180.3 8%
TRANSPORTATION $199.7 9%
HEALTH & HOSPITALS $73.4 3%
EDUCATION $1116.5 52%

SOURCE: U.S. BUREAU OF THE CENSUS

Figure 2

Appropriated Expenditures: FY 1988-89
General Fund and Uniform School Fund



Source: Ut Office of Planning and Budget

3. <u>The Key Question: Will the Tax Cuts Help or Hurt Utah's Economy?</u>

<u>The Short Term Impacts</u>

It appears that the key question surrounding the initiatives is, "Will the tax cuts help or hurt Utah's economy?" Proponents of the initiatives claim that "prosperity follows tax cuts". They argue that reducing taxes will increase consumer spending and thus create economic growth with an alleged multiplier effect of three to four times the dollars spent by consumers.

For small states like Utah where most consumer goods come from outside the state, this argument is simply inaccurate. Tax cuts in the national economy have very different economic effects. First, the Federal government can engage in deficit spending, and hence there may be no reduction in government spending; and second, consumers' increased spending will be for goods and services mostly produced in the national economy. Hence such tax cuts can have a multiplier effect. Utah's income is simply redistributed between the public and the private sectors. The total amount of economic activity is not increased so the multiplier analysis is inappropriate.

If taxes are reduced, people will have more money to spend on consumption of goods and services, but government will have less. Personal consumption and government spending are both components of total economic activity. In the case of tax cuts in Utah, total economic activity will most likely be reduced and any multiplier is most likely to be negative.

Consumer spending for food, clothing, automobiles and other durables, or for mortgage payments leaves the state spending stream very rapidly. Economists often refer to this activity as the first round, because the money flows to suppliers outside the state.

Spending on government services has a different economic impact. First, spending on roads, education, law enforcement, and health represents to a considerable extent, investments in the future productive capacity of the Utah economy and are not current consumption items. Second, the spending on these items occurs almost entirely within the Utah economy, with only a small proportion coming from outside suppliers. Hence, spending in the public sectors leaks out of the spending stream at a much slower rate, and only after the second round of spending where households spend their government payrolls for consumption items. This is why one economist remarked that tax cuts in Utah will bring prosperity in Detroit, Japan, and California, but not in Utah.

There has been major research done in this area. In a 1985 study entitled, "The Interindustry Effects of Tax and Expenditure Limitations, The California Case," by Vinod Agarwal and W. Douglas Morgan, input-output analysis was used to analyze the interindustry effects of tax and expenditure limitations in order to estimate the total impact of the limitations on California. To quote from the study:

> In general the impact effect of a tax reduction raises one sector's income and expenditures--households and business--and reduces the incomes and expenditure of the other sector--local government. Such a shift in expenditure patterns and levels has differential effects on the final output (for example, more TV sales and fewer road repairs) and this affects the distribution and levels of income in a regional economy. Those industries and business which experience an increase in demand as households spend more tend to gain, while those industries and business whose demand is reduced as governments spend less will lose.[2]

Morgan and Agarwal found that in the case of a tax reduction of $2.89 billion, followed by a government expenditure decrease of the same amount, an increase of $2.56 billion in household spending would result. This eventually created a negative change in gross output of $4.3 billion after all indirect and multiplier effects were included. The point is Proposition 13 actually hurt the California economy, because more of the tax cut leaked out of the economy than would have if it had been spent by the public sector.

Long Term Impacts

What about long term aspects of "prosperity" following the tax initiatives? The tax limitation coalition argues that the initiatives will create more jobs in the future because more companies would want to locate in Utah if taxes were lower. This point cannot be proven. Taxes are a cost of doing business and if that cost is lowered then business benefits. However, business also receives other benefits from taxation, such as trained workers and better roads. The question is how important are taxes to business?

The firm of Grant Thornton, Accountants and Management Consultants, produces an annual report using 21 indicators to determine a state's overall manufacturing climate.[3] Each of these factors receives a weighted percentage with all 21 factors adding to 100 percent. Taxes receive a weighting of 4.44 percent, 13th highest among the 21 factors. Several other state and local government fiscal policies also affect the overall rating, including changes in taxes and

expenditure growth vs. personal income growth. The total of these three make up about 14 percent of the overall manufacturing climate. Grant Thornton believes that there are nine factors more important than taxes or any state and local fiscal policies to manufacturing businesses who might locate in Utah, including education, wages, available work force, unionization, etc.

In 1987, the Grant Thornton study based on these 21 factors, gave Utah a score of 42.3, 33rd among the 50 states. Would lowering taxes change our manufacturing climate significantly, according to Grant Thornton? If we were to reduce taxes by 12 percent (the original estimate of tax reduction in Utah due to the proposed initiatives) the Grant Thornton score of the manufacturing climate would change only slightly more than four percentage points from 42.3 to 46.7 and Utah would rank 28th among the 50 states. This assumes all other rankings would remain unchanged. They would not. The impact of lowering taxes would reduce other factors included in the ranking which are important to attracting manufacturing industries such as investment in education and transportation. Declines in these factors may in fact offset any gains made by lowering taxes.

One could argue about the validity of the Grant Thornton Study and the particular weight placed on any of the criteria. The point is taxes are only a small part of doing business. There are many factors besides taxes which are very important to manufacturing and other industries. Other studies have been done to support this conclusion. To quote from one such study published in the Multistate Tax Commission Review:

> The staff first reviewed over 30 years of research on the factors that influence where a business locates. This body of learning suggests that locational decisions are extremely complex and that state business taxes are just one of the innumerable factors that vary among jurisdictions. The majority of studies conclude that state and local taxes do not significantly influence most business locational decisions.[4]

Perhaps another way of examining the long term prospects for prosperity is by examining other "prosperous" states. During the 1980's the 12 states having the highest rates of employment growth were: Florida, Nevada, Arizona, Alaska, Hawaii, New Hampshire, Georgia, South Carolina, Texas, Delaware, New Mexico and Utah respectively.[5] If taxes have a large impact on growth then one would expect these states to have lower state and local taxes. A look at fiscal year 1986 figures is revealing. New Hampshire, Florida, Texas and Georgia have lower state and local taxes per $1,000 of personal income, ranking 50th, 47th, 43th, and 35th respectively. However, Alaska, Hawaii, Utah, Arizona, Delaware and New Mexico have higher taxes--ranking 1st, 5th, 7th, 11th, 13th and 16th, respectively. Therefore in four cases, there appears to be a relationship between growth and lower taxes; while in six cases there appears to be a relationship between growth and higher taxes, Utah included. It is clear that the tax initiatives, by themselves, will not create economic prosperity.

In discussing high and low tax states it should be mentioned the variation among states is not significant. Forty-two of the fifty states have total state and local taxes which range from 10-12 percent of personal income. All but four states range from 9-13 percent. (Utah is at 12.5 percent.) On the low end is New Hampshire with 8.4 percent and on the high end is New York at 15.8 percent.[6] Wyoming and Alaska are extreme exceptions with 19.8 percent and 25.3 percent.

With tax rates which do not differ greatly, these rates simply cannot have a significant influence on the overall growth of a state or on business locational decisions.

Why is it then that some states are prospering while others are not? According to Inc. Magazine's recently released "Annual Report of the States," eight of their top 10-ranked states look out upon an ocean. The other two top ten states, Arizona and Nevada, are landlocked. However, these two states must give much credit to the coastal state of California and its growing economy for their prosperity. To quote from the study:

> This year's survey tells the tale of two economies. The one that is flourishing has top universities, a strong technology base--and an ocean view. One is prosperous, while the other is still in the throes of a deep recession. One boasts of fine universities and information-intensive businesses, while the other mourns the loss of farms, factories and oil rigs....
>
> The coastal states are not simply rising on the tide, their economic growth has strong underpinnings: decades-long transition from heavy industry to service businesses, and a reliance on the commercialization of technology developed at top research universities....
>
> The future doesn't look nearly as bright for states still dependent on oil, agriculture, and heavy industry. The latest to take a hard fall in the ranking is Alaska. After weighing in at #2 last year, its ranking fell further than the mercury on a Juneau night. This year it tumbled into the 39th slot.[7]

This study would suggest that taxes have nothing to do with the flourishing economies of states. Many of the top states are high tax states. What is driving the superior economic performance of these states is their location, their industrial mix and their commitment to excellence in education.

It must be kept in mind that government is important to business. In today's complicated international economy, government plays a vital role in economic development. For example, a national study conducted by the Federal Reserve Bank of Cleveland found a strong statistical link between the building of such things as roads, water systems and sewer systems by state and local government and local economic development.[8] Likewise, another national study conducted by Syracuse University found a positive correlation between economic development and education expenditures[9]. The tax reduction initiatives will seriously reduce funding for both education and infrastructure which are so important to economic development.

4. Were Utah's Current Economic Problems Created by High Taxes?

Utah's economic problems in the 1980's are not a result of high taxes, but instead the result of job losses in the goods-producing industries. These job losses occurred because of falling oil prices, severe international competition and the completion of major construction projects like the Intermountain Power Project.

As many people are well aware, the 1980's have meant lower economic growth for Utah. Annual average employment growth in the 1980's has been slower than for any decade since the 1930's. Furthermore, average annual wages when adjusted for inflation, have decreased.

To fully understand Utah's economic slowdown, one must examine the goods-producing industries; namely, mining, manufacturing and

construction. Goods-producing jobs numbered 137,750 in 1980 and had fallen to 127,200 in 1987--a drop from 25 percent of Utah's total nonagricultural employment to 20 percent. Fortunately, the services-producing sector showed a gain of almost 100,000 jobs during that same period.[10]

Since 1981, Utah's mining industry has sustained two severe blows. First, the temporary demise of the copper industry in Utah meant the loss of thousands of jobs. Second, lower oil prices precipitated the employment declines in the energy industries (coal, oil, and uranium). Between 1984 and 1985, mining jobs were reduced by one-fourth, or about 3,000 jobs. The same pattern followed the next year, mining positions dropped by nearly one-fifth.[11] From 1981 to 1987 mining employment has fallen from 20,300 to 8,000.

The several activities comprising Utah's manufacturing industry experienced widely varying employment changes from 1981 to 1987. The extremes were primary metals, which lost 5,400 jobs, and transportation equipment, which gained 6,300 jobs. The net effect was that, after peaking at 89,300 jobs in 1981, the industry declined to a low of 85,500 in 1983. It then surged forward to 1985's 94,000, but slipped back to 92,100 jobs in 1986. Although not reflected in the modest 1987 annual average of 92,500 jobs, with the revival of primary metals and the continuing growth of most other sectors, manufacturing ended 1987 with its highest ever job count--96,300. Nevertheless, manufacturing has not experienced the growth in the eighties that it did in the seventies, 4.8 percent annual growth to .8 percent annual growth respectively.[12]

Utah's construction industry has experienced a boom and a bust during the past few years. The boom, which added 8,600 jobs, occurred from 1983 through 1985. The bust, from 1985 through 1988, has lost over 12,000 jobs. Over half (4,500) of the 1983 to 1985 job increase was construction jobs on the Intermountain Power Project. The completion of the Intermountain Power Project in 1986, coupled with a general slowdown in construction activity, resulted in a 9.3 percent decline in construction employment in Utah. In 1987 construction employment dropped even further--17 percent, over 5,500 jobs. In fact construction was the only major industrial sector to actually sustain a net job loss during 1987.[13]

None of these major occurrences--the IPP phasedown, oil price declines, copper and steel shutdowns--had anything to do with the level of state and local taxes. Instead many of these occurrences were affected by national and international forces beyond the control of Utahns. Reducing taxes will not bring back the oil industry nor stimulate new power plant development.

Utah's Economic Growth Since the 1987 Tax Increase

If one argues that prosperity follows tax cuts, how do we explain the significant economic growth in Utah since the tax increase of 1987? Employment growth has picked up considerably since the tax increase was implemented. The growth in total wages (measured as the percent change from previous year) has averaged 4.7 percent over the last four quarters, (second quarter 1987-first quarter 1988.) In the eight quarters before the tax increase, employment growth averaged 3.9 percent.[14]

5. It Worked in California and Massachusetts, Why Not in Utah?

The Tax Limitation Coalition has argued that tax limitation has been successful in both California and Massachusetts, so why shouldn't it be successful in Utah? There are at least two reasons why the limitations may not be a success.

First, the situations were very different in those states than what exists today in Utah. Effective property tax rates before the propositions were 5.5 percent and 3 percent in California and Massachusetts, respectively. After tax limitation propositions were implemented in California and Massachusetts, the effective property tax rates fell to .64 percent and 1.35 percent respectively. The average effective property tax rate in 1986 in Utah was 1.1 percent.

Also at the time tax limitation efforts were passed in California, they were undergoing substantial economic growth. Total personal income in California grew by 88 percent during the period 1975-1980. The state government budget was likewise growing significantly. They had a reported $4 billion budget surplus at that time. Much of this surplus was used to offset the impact of tax limitation on local governments. Utah does not have that level of budget surplus.

Secondly, what is proposed in Utah goes way beyond tax limitation in either California or Massachusetts. Proposition 13 in California limited property taxes to 1 percent of the value of the property. Proposition 2-1/2 in Massachusetts placed a limit of 2-1/2 percent of market value on property taxes. The tax limitation efforts in Utah would place a limit on property taxes that could not exceed 3/4 of 1 percent of fair market value of residential property and 1 percent of the market value of property other than residential. In addition, the proposal rolls back the sales, motor fuel, cigarette and income taxes. Moreover, the proposals would limit the growth in <u>all taxes</u> at both the state and local level in the future. Therefore, the tax limitation initiatives in Utah are far more sweeping than those passed elsewhere. One must question the wisdom of putting such severe constraints on state and local government without sufficient evidence that Utah spending on government services is out of line with other states.

<u>Summary</u>

In summary, what can be said of the five issues that have been raised in this article? First, the fiscal impact of the initiatives translates to a cut of general tax revenues of around 15.7 percent.

Second, should the proposed initiatives be adopted it is clear that public and higher education will receive a substantial portion of the cuts. If all cuts were to be taken across the board over 46 percent of the cuts would apply to education. If education is protected, then the other services of government would virtually have to take cuts of twice the size they would otherwise take.

Third, there is virtually no statistically verifiable evidence that tax cuts bring prosperity by themselves. On the contrary there is evidence that the cuts could hurt the economy when essential services are reduced significantly.

Fourth, Utah's economic slowdown in the 1980's has nothing to do with Utah tax rates. Rather it is a result of a downturn in Utah's goods-producing industries because of international and national economic forces.

And last, Utah's tax initiatives cannot fairly be compared to those of California or Massachusetts because of Utah's unique demographics and because the proposed initiatives go much farther and recommend cuts that are much deeper.

Endnotes

[1]The Office of the Legislative Fiscal Analyst has estimated the impact to be $140 million. The difference between the Tax Commission's $185 million and the $140 million lies in the way each agency counted debt which is excluded from the tax limitation initiatives. Deseret News. Minutes from the ACIR meeting, Salt Lake City, Utah, August 26, 1988, Utah Foundation, October 1988.

[2]Vinod Agarwal and W. Douglas Morgan, "The Interindustry Effects of Tax and Expenditure Limitations", Growth and Change, 16 (April 1985):3.

[3]Grant Thornton, Accountants and Management Consultants, The Eighth Annual Study of General Manufacturing Climates of the Forty-eight Contiguous States of America (June 1987).

[4]Richard D. Pomp, "A New York Perspective on Tax Incentives", Multistate Tax Commission Review, 1985 (August 1985):1.

[5]State Policy Databook, 1988, State Policy Research, Inc.

[6]State Policy Databook.

[7]Joshua Hyatt, "Coast to Coast--Inc.'s Annual Report on the States", Inc. Magazine, October 1987.

[8]Douglas Dalenberg and Randall W. Eberts, "Public Infrastructure and Economic Development", Federal Reserve Bank of Cleveland, January 15, 1988.

[9]Michael Wasylenko and Therese McGuire, "Jobs and Taxes: The Effects of Business Climate on States' Employment Growth Rates", National Tax Journal, 38:497-505.

[10]Economic Report to the Governor, 1988, State Economic Coordinating Committee.

[11]Economic Report to the Governor, 1988.

[12]Economic Report to the Governor, 1988.

[13]Economic Report to the Governor, 1988.

[14]Utah Labor Market Report, Vol. III, Utah Department of Employment Security, July 1988.

Utah Business Statistics

UTAH DATA	June 1987	June 1988	% Change From Year Ago	12 Month Average This Year	12 Month Average Last Year	12 Month Average % Change
Total Personal Income (seasonally adjusted) (mil. of dol.) (qtly.)	18,815	NA	NA	NA	18,496.5	NA
New Corporations (no.)	507	462	-8.9%	472	453	4.2%
New Car, Truck and Motorhome Sales (no.)	5,482	5,310	-3.1%	5,252	5,549	-19.1%
Agriculture						
Average Prices Recorded by Farmers (dol.)						
Beef Steers and Heifers (cwt) (thous.)	66.50	67.30	1.2%	66.03	60.03	10.0%
Lambs (cwt)	76.80	58.10	-24.3%	69.73	70.10	-0.5%
Milk Wholesale (cwt)	11.40	10.50	-7.9%	11.64	12.01	-3.1%
Alfalfa Hay, Baled (per ton)	69.00	75.00	8.7%	72.00	64.25	12.1%
Cattle Slaughtered (live weight) (thous. of lbs.)	39,501	46,514	17.8%	45,153	39,261	15.0%
Construction						
Total Construction (thous. of dol.) 1	211,401	199,466	-5.6%	122,503	123,300	-0.6%
Residential	68,075	53,355	-21.6%	48,658	56,778	-14.3%
Nonresidential	56,391	102,429	81.6%	44,336	40,479	9.5%
Public Works and Utilities	86,935	43,682	-49.8%	29,546	26,043	13.4%
Total Permit Construction (thous. of dol.) 2	95,014.8	103,675.8	9.1%	79,186.1	101,190.7	-21.7%
Residential	50,311.4	50,129.0	-0.4%	35,635.6	52,560.4	-32.2%
Nonresidential	27,991.5	36,071.1	28.9%	29,559.8	35,322.3	-16.3%
Additions, Alterations and Repairs	16,711.9	17,475.1	4.6%	13,991.6	13,305.0	5.2%
New Dwelling Units (no.)	727	712	-2.1%	498	857	-41.9%
Employment						
Civilian Labor Force (thous.)	767.7	750.8	-2.2%	756.2	758.3	-0.3%
Total Employed Persons	717.8	715.2	-0.4%	713.3	710.3	0.4%
Unemployed Persons	50.0	35.6	-28.8%	42.9	48.0	-10.6%
Percent Total Labor Force	6.5	4.7	-27.7%	5.7	6.4	-10.6%
Employees on Nonagricultural Payrolls (thous. of jobs)	642.8	657.2	2.2%	645.7	636.4	1.5%
Manufacturing	92.3	97.0	5.1%	94.8	90.9	4.4%
Mining	8.1	8.5	4.9%	8.2	7.6	7.8%
Contract Construction	28.2	25.8	-8.5%	25.1	29.6	-15.0%
Transportaion, Communication and Utilities	37.6	39.1	4.0%	38.3	37.5	2.1%
Wholesale Trade	34.8	34.1	-2.0%	35.2	35.5	-0.9%
Retail Trade	117.9	118.8	0.8%	118.3	117.8	0.5%
Finance, Insurance and Real Estate	33.9	33.9	0.0%	33.7	33.4	1.0%
Services 3	143.2	156.1	9.0%	150.5	141.9	6.0%
Federal Government	40.0	39.3	-1.8%	39.5	40.3	-2.1%
State Government 4	37.6	37.7	0.3%	37.5	38.0	-1.4%
Local Government 4	65.4	66.3	1.4%	64.5	63.6	1.4%
Average Weekly Hours						
Manufacturing	39.8	41.0	3.0%	40.5	39.5	2.4%
Mining	40.0	41.7	4.3%	42.4	41.1	3.0%
Wholesale Trade	38.8	38.9	0.3%	38.4	37.4	2.6%
Retail Trade	28.8	28.4	-1.4%	28.2	28.1	0.3%
Amount of Unemployment Compensation (thous. of dol.)	7,375.1	4,962.0	-32.7%	6,434.2	8,809.8	-27.0%
Finance						
Savings, Savings and Loan Association (mil. of dol.)	2,476.5	2,441.0	-1.4%	2,371.4	2,425.7	-2.2%
Tax Collections by the State of Utah (thous. of dol.)						
Total Tax Collections	156,747.8	178,968.1	14.2%	148,808.3	129,531.1	14.9%
Sales and Use Tax	62,358.9	69,967.4	12.2%	51,245.0	46,542.8	10.1%
Motor Fuel Tax	14,960.3	20,988.8	40.3%	10,779.9	8,331.8	29.4%
Individual Income Tax	33,916.5	46,245.8	36.4%	53,137.5	44,421.1	19.6%
Corporation Franchise Tax	11,481.2	11,819.5	2.9%	5,971.8	5,073.9	17.7%
Production						
Net Electric Power Utilized (mil. of kwh)	1,135.0	NA	NA	NA	1,112.6	NA
Crude Oil to Refineries (thous. of bbls.)	3,804.9	4,425.0	16.3%	3,926.2	3,918.3	0.2%
Crude Oil (thous. of bbls.)	2,896.1	2,739.6	-5.4%	2,894.8	3,045.3	-4.9%
Natural Gas (mil. of cu. ft.)	19,950.6	22,572.9	13.1%	23,177.9	20,176.0	14.9%
Coal (thous. short tons)	1,187.0	1,514.0	27.5%	1,522.6	924.6	64.7%
Tourism/Travel						
Air Passengers (total no. on and off) (S.L. Int'l Airport)	913,902	948,592	3.8%	853,457	833,420	2.4%
Highway Traffic Count Across State Lines	48,264	NA	NA	NA	38,146	NA
Transient Room Taxes (thous. of dol.)	582.5	716.6	23.0%	532.6	437.2	21.8%
Visits, State, Nat'l. Parks, Monuments (thous.)	1,977.6	1,966.3	-0.6%	1,067.2	1,031.1	3.5%
Utilities						
Telephone Lines in Service (Mt. Bell) (Residential)	477,221	485,999	1.8%	484,174	476,240	1.7%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	175,281	180,630	3.1%	178,340	172,214	3.6%
Electric Customers (Residential)	467,881	NA	NA	NA	467,341	NA
Electric Customers (Commercial)	46,273	NA	NA	NA	45,912	NA
Natural Gas Customers (Residential & Commercial)	443,654	456,898	3.0%	432,742	441,393	2.6%
Natural Gas Customers (Industrial)	556	544	-2.2%	548	563	-2.5%

Utah Business Statistics

UTAH DATA	June 1987	June 1988	% Change From Year Ago	12 Month Average This Year	12 Month Average Last Year	12 Month Average % Change
Davis County						
Non-Ag. Employment (thous.)	53.1r	53.3fo	0.4%	52.3	52.7	-0.8%
Unemployment Rate	5.7r	4.3	-24.6%	4.9	5.2	-5.6%
Auth. Permit Construction (thous. of dol.)	12,728.7	12,139.4	-4.6%	10,052.4	15,104.1	-33.4%
New Dwelling Units (no.)	120	94	-21.7%	75	141	-46.5%
Postal Receipts (thous. of dol.)	347.4	315.8	-9.1%	373.1	NA	NA
Electric Customers (Residential)	47,121	47,858	1.6%	47,792	46,365	3.1%
Electric Customers (Commercial)	3,271	3,441	5.2%	3,344	3,265	2.4%
Natural Gas Customers (Residential)	48,677	50,609	4.0%	49,583	47,736	3.9%
Natural Gas Customers (Industrial)	52	52	0.0%	52	52	0.5%
Telephone Lines in Service (Mt. Bell)(Residential)	54,959	55,232	0.5%	54,981	54,155	1.5%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	10,575	11,358	7.4%	10,928	10,321	5.9%
Salt Lake County						
Non-Ag. Employment (thous.)	334.3r	340.0fo	1.7%	335.9	332.0	1.2%
Unemployment Rate	5.7r	4.4	-22.8%	5.1	5.5	-6.0%
Auth. Permit Construction (thous. of dol.)	43,610.0	40,128.6	-8.0%	36,027.0	48,835.5	-26.2%
New Dwelling Units (no.)	274	259	-5.5%	179.8	374.4	-52.0%
Postal Receipts (thous. of dol.)	6,786.3	7,583.0	11.7%	7,620.7	7,056.1	8.0%
Electric Customers (Residential)	234,279	NA	NA	NA	234,064.3	NA
Electric Customers (Commercial)	19,792	NA	NA	NA	19,640.8	NA
Natural Gas Customers (Residential)	216,415	220,007	1.7%	218,805	215,413	1.6%
Natural Gas Customers (Industrial)	241	235	-2.5%	235	249	-5.8%
Telephone Lines in Service (Mt. Bell)(Residential)	226,229	229,612	1.5%	228,559	224,943	1.6%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	109,682	111,113	1.3%	110,370	108,950	1.3%
Utah County						
Non-Ag. Employment (thous.)	72.8r	75.4fo	3.6%	74.5	72.6	2.6%
Unemployment Rate	7.1r	4.1	-42.3%	5.4	7.3	-25.5%
Auth. Permit Construction (thous. of dol.)	13,321.5	19,406.8	45.7%	11,169.8	11,185.9	-0.1%
New Dwelling Units (no.)	96	110	14.6%	69	102	-31.9%
Postal Receipts (thous. of dol.)	903.0	1,150.3	27.4%	1,010.1	927.8	8.9%
Electric Customers (Residential)	50,225	52,168	3.9%	52,865	50,247	5.2%
Electric Customers (Commercial)	6,587	5,981	-9.2%	6,025	6,330	-4.8%
Natural Gas Customers (Residential)	59,591	61,092	2.5%	60,993	59,996	1.7%
Natural Gas Customers (Industrial)	68	65	-4.4%	68	70	-2.0%
Telephone Lines in Service (Mt. Bell)(Residential)	61,134	63,645	4.1%	63,629	62,300	2.1%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	18,459	19,690	6.7%	19,418	17,287	12.3%
Weber County						
Non-Ag. Employment (thous.)	60.5r	60.8fo	0.5%	60.9	60.3	1.0%
Unemployment Rate	7.8r	5.3	-32.1%	6.5	6.9	-5.7%
Auth. Permit Construction (thous. of dol.)	9,470.0	10,053.3	6.2%	7,468.7	9,319.5	-19.9%
New Dwelling Units (no.)	69	69	0.0%	58	73	-20.7%
Postal Receipts (thous. of dol.)	605.1	591.3	-2.3%	629.4	625.0	0.7%
Electric Customers (Residential)	52,615	53,337	1.4%	53,220	52,392	1.6%
Electric Customers (Commercial)	4,840	4,932	1.9%	4,897	4,788	2.3%
Natural Gas Customers (Residential)	48,582	49,698	2.3%	49,335	48,640	1.4%
Natural Gas Customers (Industrial)	86	82	-4.7%	84	86	-1.7%
Telephone Lines in Service (Mt. Bell)(Residential)	45,935	46,476	1.2%	46,161	45,675	1.1%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	10,999	11,970	8.8%	11,438	10,713	6.8%

r Revised fo Forecast Na Not Available

Sources:

Personal Income:	Bureau of Economic Analysis, U.S. Department of Commerce.
New Corporations:	Utah Secretary of State.
New Car and Truck Sales:	Utah State Tax Commission, Economic and Statistical Unit.
Agriculture:	U.S. Department of Agriculture, Agriculture, Utah: Utah Crop and Livestock Reporting Service.
Construction Data:	F.W. Dodge Statistics and Utah Construction Report, Bureau of Economic and Business Research.
Employment Data:	Utah Department of Employment Security.
Savings Information:	Utah Savings and Loan Institutions.
Tax Collections:	Utah State Tax Commission.
Net Electric Power Utilized:	Cooperating Utah power companies
Crude Oil Production:	Area oil refineries.
Natural Gas Production:	Utah Department of Oil, Gas, and Mining.
Coal Production:	U.S. Department of Energy.
Air Passengers:	Salt Lake City International Airport, Statistics Division.
Highway Traffic Count:	Utah Department of Transportation.
Visits to State and National Parks and Monuments:	U.S. Forest Service, Utah State Parks and Recreation Department.
Utilities Data:	Cooperating Utah utility companies.
Postal Receipts:	Postmasters in Davis, Salt Lake, Utah and Weber Counties.

Footnotes:
1 Obtained from F.W. Dodge Statistics.
2 Obtained from Utah Construction Report.
3 Includes services by nonprofit and religious organizations.
4 Includes public schools and college institutions.

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NATIONAL DATA	June 1987	June 1988	% Change From Year Ago	12 Month Average This Year	12 Month Average Last Year	12 Month Average % Change
U.S. Gross National Product (seasonally adjusted) (bil.) (qtly.)	4,484.2	4,819.7	7.5%	4,693.8	4,362.3	7.6%
Total Personal Income (seasonally adjusted) (bil. of dol.)	3,747.1	4,046.0	8.0%	3,928.6	3,639.6	7.9%
Industrial Production Indexes (seasonally adjusted) (1977=100)	129.1	136.6	5.8%	133.7	126.5	5.7%
Total Non-Farm Bus. Expend. on New Plants & Equip. (bil.) (qtly.)	377.6	429.0	13.6%	412.3	378.3	9.0%
Index of Leading Indicators (1967=100)	190.5	193.7	1.7%	191.5	184.7	3.7%
Price Indexes						
Consumer Price Indexes (not seasonally adjusted) (1982-84=100)						
CPI-U (All Urban Consumers) All Items	113.5	118.0	4.0%	115.8	111.2	4.1%
CPI-U (All Urban Consumers) Food & Beverages	113.8	117.6	3.3%	115.3	111.5	3.4%
CPI-U (All Urban Consumers) Housing	114.3	118.6	3.8%	116.3	112.3	3.5%
CPI-U (All Urban Consumers) Transportation	105.4	108.5	2.9%	107.1	102.4	4.6%
CPI-U (All Urban Consumers) Medical Care	130.0	138.2	6.3%	134.3	126.3	6.3%
CPI-U (All Urban Consumers) Energy	90.7	91.0	0.3%	89.3	85.4	4.5%
Producer Price Index (not seasonally adjusted) (1982=100)						
Producer Price Index, All Finished Goods	105.5	107.9	2.3%	106.4	103.9	2.4%
GNP Price Deflator (1982=100) (qtly.)	117.3	120.9	3.1%	119.4	115.8	3.1%
Civilian Employment (seasonally adjusted)						
Total Civilian Labor Force (mil.)	119.5	121.4	1.6%	120.7	118.8	1.6%
Total Civilian Employment (mil.)	112.2	115.0	2.5%	113.8	110.9	2.6%
Unemployment Rate	6.1	5.3	-13.1%	5.8	6.7	-13.8%
Construction						
Total Construction (mil. of dol.)	24,712.0	25,461.3	3.0%	20,790.5	20,222.5	2.8%
Residential	10,986.4	11,888.5	8.2%	9,759.1	9,851.3	-0.9%
Nonresidential	8,227.2	8,566.9	4.1%	7,186.9	6,778.3	6.0%
Non-Building	5,498.4	5,005.9	-9.0%	3,842.8	3,592.8	7.0%
New Dwelling Units (no.)	143,985	144,118	0.1%	122,518	136,300	-10.1%
Interest Rates						
Short Term (3-month Treasury bill rate)	5.69	6.50	14.2%	6.01	5.54	8.5%
Long Term (30-year Treasury bond yields)	8.63	9.04	4.8%	8.74	7.99	9.4%
Prime Rates Charged by Banks on Short-term Business Loans (ave.)	8.25	9.00	9.1%	8.66	7.73	12.1%
Mortgage Rates (new homes)	9.05	8.72	-3.6%	8.83	9.29	-4.9%

Sources: Business Conditions Digest, U.S. Department of Commerce: U.S. Gross National Product, Total National Personal Income, Industrial Production Indexes, Total Business Expenditures for New Plant and Equipment, Index of Leading Indicators, GNP Price Deflator, National Employment Data, Interest Rates.

F.W. Dodge Report, McGraw-Hill: National Construction Data.

Survey of Current Business, U.S. Department of Commerce: New Home Mortgage Rates.

Utah Labor Market Report, Utah Department of Employment Security: Consumer price Indexes, Producer Price Index.

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